



**Lloyds Bank Limited**  
**MONTHLY REVIEW**  
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## TABLE OF CONTENTS

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|                               | PAGE |
|-------------------------------|------|
| TRADE RECOVERY AND THE FUTURE |      |
| <i>By O. R. Hobson</i> ... .. | 294  |
| NOTES OF THE MONTH ... ..     | 307  |
| HOME REPORTS ... ..           | 310  |
| OVERSEAS REPORTS ... ..       | 319  |
| STATISTICS ... ..             | 329  |

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*\* \* The Bank publishes from time to time in this Monthly Review signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

### Trade Recovery and the Future

By O. R. Hobson

TWO commonplaces on the subject of the present and future economic situation of this country (and, indeed, of other countries, too) are current in every circle in which these matters are discussed. The first is that such recovery as has taken place from the trough of the Great Depression in this and some other countries has been overwhelmingly in home trade as distinct from external trade. The second is that if the governments of most of the leading countries of the world, our own included, are to continue to develop their present nationalistic policies—and there is little sign of their doing anything else—the future progress of revival is likely to be very disappointing. It is the intention of this article to qualify the first and to speculate upon the second of these propositions; in other words, to attempt some measure of the degree of recovery which has taken place, and to discuss some of the implications of the doctrine of economic nationalism which nearly everywhere to-day finds such favour.

It is not, of course, possible to give any exact measure of the trade recovery. Theoretically, no doubt, the ideal method would be to compare the present national income per head of population with that of 1932 with corrections for price changes between the two periods, but as it is not possible to estimate the national income with even approximate accuracy until a year

or two after the period in question, and as even then the price corrections would be a matter of great difficulty, the method is not in practice available. For the present purpose, however, a sufficiently defined picture can be obtained by a selection of such easily available indices as iron and steel production, coal output, building plans approved, and the general indices of industrial production compiled by such authorities as the Board of Trade and the London and Cambridge Economic Service.

Before marshalling a selection of this material it may be well to present the position of this country (with which this article is mainly concerned) in a wider setting and give certain figures extracted from the League of Nations Monthly Bulletin of Statistics, showing first the general volume of industrial production for various countries for the years 1928 to 1933 and, secondly, its value in terms of gold of imports and exports for the same countries for 1929, 1932 and 1933. Here are the figures—the italicised numbers in the second table giving the corresponding paper currency values :—

#### INDICES OF INDUSTRIAL PRODUCTION

1928=100

|              | 1929  | 1930  | 1931  | 1932  | 1933  |
|--------------|-------|-------|-------|-------|-------|
| U.K. ...     | 106.0 | 97.9  | 88.8  | 88.4  | 93.6  |
| U.S. ...     | 107.2 | 86.5  | 73.0  | 57.7  | 69.3  |
| Germany ...  | 100.4 | 90.1  | 73.6  | 61.2  | 68.6  |
| France ...   | 109.4 | 110.2 | 97.6  | 75.6  | 84.6  |
| Canada ...   | 108.1 | 91.7  | 76.7  | 62.8  | 65.2  |
| Japan ...    | 111.4 | 105.6 | 100.7 | 107.9 | 128.4 |
| U.S.S.R. ... | 124.3 | 156.3 | 189.2 | 206.5 | 224.0 |
| Sweden ...   | 105.8 | 101.9 | 89.4  | 83.7  | 86.5  |

#### INDICES OF INTERNATIONAL TRADE

1929=100

|              |     | <i>Imports</i> |             | <i>Exports</i> |             |
|--------------|-----|----------------|-------------|----------------|-------------|
|              |     | 1932           | 1933        | 1932           | 1933        |
| U.K. ...     | ... | 42.2           | 38.5        | 36.1           | 34.3        |
|              | ... | <i>58.7</i>    | <i>56.4</i> | <i>50.1</i>    | <i>50.4</i> |
| U.S. ...     | ... | 30.5           | 25.9        | 30.6           | 24.9        |
|              | ... | <i>30.5</i>    | <i>33.4</i> | <i>30.6</i>    | <i>32.5</i> |
| Germany ...  | ... | 34.7           | 31.3        | 44.8           | 38.5        |
| France ...   | ... | 51.2           | 48.8        | 39.3           | 36.8        |
| Canada ...   | ... | 29.5           | 22.2        | 36.8           | 32.0        |
|              | ... | <i>34.8</i>    | <i>30.9</i> | <i>41.8</i>    | <i>45.0</i> |
| Japan ...    | ... | 39.8           | 38.3        | 37.6           | 37.9        |
|              | ... | <i>63.8</i>    | <i>87.2</i> | <i>64.8</i>    | <i>87.4</i> |
| U.S.S.R. ... | ... | 79.3           | 39.4        | 61.0           | 54.4        |
| Sweden ...   | ... | 45.0           | 39.6        | 35.9           | 38.2        |
|              | ... | <i>64.8</i>    | <i>61.2</i> | <i>52.3</i>    | <i>59.5</i> |

The figures of production, while they must not be taken to be strictly comparable, are sufficiently illuminating. They show that in every case there was some recovery in 1933 against 1932, but that, apart from our own case and the exceptional cases of Japan and Russia, 1933 production was still below 1931. They indicate, too, that with the same exceptions the depression was much less severe in this country than in the others.

The international trade figures yield the following approximate generalisation: The gold value of international trade was in 1933 just over one-third what it was in 1929. Gold prices last year were only half what they were in 1929 so that the volume of trade is now rather over two-thirds (more accurately three-quarters) what it was in 1929. Comparison with the first table indicates that between 1929 and 1932 the contraction of international trade was, generally speaking, perhaps not so great—there are some exceptions, the United Kingdom among them—in relation to domestic production as may have been supposed.

What is far more significant is that it shows clearly that there has been no recovery in external trade in 1933 against 1932 to correspond with the revival in domestic trade. Actually, the full survey of the League of Nations covering 73 countries indicates that world trade in 1933 was slightly below 1932, though there was some slight tendency towards improvement in the second half of last year.

For the United Kingdom a more detailed picture is given by the following figures giving the volume of imports and exports, expressed as percentages of 1930:—

*Volume of Retained Imports and Exports of Domestic Produce*

|      |             |     |     |     | <i>Imports</i> | <i>Exports</i> |
|------|-------------|-----|-----|-----|----------------|----------------|
| 1930 | ...         | ... | ... | ... | 100.0          | 100.0          |
| 1931 | ...         | ... | ... | ... | 102.8          | 76.5           |
| 1932 | ...         | ... | ... | ... | 90.3           | 76.8           |
| 1933 | ...         | ... | ... | ... | 91.7           | 78.4           |
| 1932 | 1st Quarter | ... | ... | ... | 94.5           | 76.9           |
| "    | 2nd         | "   | ... | ... | 85.2           | 78.7           |
| "    | 3rd         | "   | ... | ... | 86.5           | 71.9           |
| "    | 4th         | "   | ... | ... | 95.9           | 79.8           |
| 1933 | 1st         | "   | ... | ... | 87.4           | 76.9           |
| "    | 2nd         | "   | ... | ... | 88.4           | 78.9           |
| "    | 3rd         | "   | ... | ... | 90.9           | 79.2           |
| "    | 4th         | "   | ... | ... | 100.0          | 84.1           |
| 1934 | 1st         | "   | ... | ... | 97.6           | 80.9           |

Here it will be seen that the volume of our external trade was very slightly higher in 1933 than in 1932. There was, however, a definitely improving tendency in 1933, particularly in imports. If, as seems reasonable, the "recovery" in exports to date can best be measured by comparing the volume for the first quarter of 1934 with the volume for the first quarter of 1932 (which, incidentally, was identical with that for the first quarter of 1933) it will be seen that the improvement is as nearly as possible 5 per cent.

Before proceeding to contrast that slight improvement with the much greater recovery in internal trade let us pause to note two further significant points about British overseas trade. The first is that notwithstanding the stimulus to exports and discouragement to imports afforded by the depreciation of sterling and the further discouragement to imports due to the tariff, the level of imports relatively to 1930 is very much higher than the level of exports. The discrepancy reflects, no doubt, to some extent the effect of the cessation of overseas lending, which must have reduced the export of "capital goods" for the purchase of which loans are commonly raised. The second point is that up to the present the results of the Ottawa Agreements have been disappointing so far as the British export trade is concerned. The following figures are given by the Board of Trade of the distribution between "British" and "Foreign" countries of our trade in the first quarter of the three years 1932-4 :—

|                    |     |     | 1932  | 1933  | 1934  |
|--------------------|-----|-----|-------|-------|-------|
|                    |     |     | £ mn. | £ mn. | £ mn. |
| British Countries— |     |     |       |       |       |
| Imports from       | ... | ... | 66.7  | 61.8  | 72.1  |
| Total exports to   | ... | ... | 44.0  | 41.9  | 44.6  |
|                    |     |     | <hr/> | <hr/> | <hr/> |
| Import surplus     | ... | ... | 22.7  | 19.9  | 27.5  |
| Foreign Countries— |     |     |       |       |       |
| Imports from       | ... | ... | 126.8 | 97.4  | 111.8 |
| Total exports to   | ... | ... | 64.6  | 60.4  | 65.0  |
|                    |     |     | <hr/> | <hr/> | <hr/> |
| Import surplus     | ... | ... | 62.2  | 37.0  | 46.8  |
|                    |     |     | <hr/> | <hr/> | <hr/> |

While our imports from the Empire have risen substantially the increase in our exports to the Empire has been negligible compared with 1932, and compared with 1933 has been no greater proportionally than the increase in our exports to foreign countries.

Now let us turn to the pleasanter picture, the much more vigorous recovery of British domestic trade and industry :—

|  | Production  |             |             | Building<br>Plans | Production Indices         |                      |
|--|-------------|-------------|-------------|-------------------|----------------------------|----------------------|
|  | Pig-Iron    | Steel       | Coal        |                   | London<br>and<br>Cambridge | Board<br>of<br>Trade |
|  | tons thous. | tons thous. | tons thous. | (£ mn.)           |                            |                      |
| Quarterly Average,<br>1929                                   | 1,895       | 2,415       | 64,500      | —                 | 110·6                      | 111·7                |
| Do. do. 1930   | 1,549       | 1,825       | 60,900      | —                 | 98·5                       | 103·1                |
| 1st quarter 1932   | 989         | 1,373       | 57,500      | 14·0              | 91·3                       | 95·0                 |
| 2nd " "  | 944         | 1,309       | 53,040      | 17·9              | 83·2                       | 94·3                 |
| 3rd " "  | 812         | 1,230       | 46,660      | 14·2              | 77·8                       | 87·4                 |
| 4th " "  | 828         | 1,344       | 55,440      | 19·0              | 87·2                       | 95·0                 |
| 1st " 1933   | 890         | 1,505       | 57,550      | 19·0              | 88·0                       | 94·3                 |
| 2nd " "  | 1,010       | 1,678       | 49,130      | 21·8              | 88·8                       | 96·7                 |
| 3rd " "  | 1,066       | 1,788       | 47,820      | 20·7              | 87·9                       | 96·8                 |
| 4th " "  | 1,157       | 2,032       | 56,820      | 21·1              | 97·4                       | 105·0                |
| 1st " 1934   | 1,359       | 2,248       | 60,910      | 22·4              | 102·2                      | 109·0                |
| Percentage increase,<br>1st qr., 1934, over<br>1st qr., 1933 | 52          | 71          | 15          | 37                | 17                         | 15                   |

For all these indices (with the exception of building plans approved by local authorities where the lowest figure, £13,000,000, was that for the last quarter of 1931) the lowest figures were those for the third quarter of 1932. Seasonal influences (which are strong in the case of all these indices) no doubt contributed to this, but these production figures support other evidence, such as the trend of wholesale commodity prices and the quotations of industrial ordinary shares on the Stock Exchange, which enables us to fix the nadir of the trade depression definitely at about the middle of 1932. Unemployment, of course, apart from a strongly seasonal movement, is subject to a natural lag until the productive capacity of labour already employed is fully extended, and it was not till January, 1933, that the peak figure of 2,955,000 was registered. Setting the May, 1934, figure of 2,090,781 against the May, 1933, figure of 2,583,000 or the similar May, 1932, figure of 2,632,000, the drop to date is found to be just about 20 per cent. But the present figure is still 70 per cent. above the 1929 average. The direct effect of depreciation of the pound and the tariff is especially to be observed in the steel industry, where between the first quarter of 1932 and the first quarter of this year production has risen from 1,373,000 tons to 2,248,000 tons,

i.e., by 875,000 tons, and imports have fallen from 266,000 tons to 116,000, giving a rise in home consumption from 1,639,000 tons to 2,364,000 or 44 per cent. as compared with 64 per cent. in home production. Exports of finished and semi finished steel products show no great variation at 409,000 tons in the first quarter of 1934 against 438,000 tons in the first quarter of 1932.

For this and other reasons it is clear that the expansion of iron and steel production greatly exceeds the general expansion of industrial output. The two composite indices given in the table suggest that production in the quarter recently ended exceeded that in the first quarter of 1932 by about 15 per cent., and even this, no doubt, considerably exceeds the aggregate recovery in output of goods and services—in the “real” national income if the term be admitted—since the increase in “services” can hardly have kept pace with the increase of physical production. Such indications of general spending power as provincial bank clearings, which registered an increase of 9 per cent. in the first quarter of 1934 over the first quarter of 1932, and retail store sales which increased by about 3 per cent., serve to correct exaggerated notions of the degree of recovery so far achieved. It can hardly be supposed that the National Income can now be running at a level more than 10 per cent. higher than in the depths of the slump, and part of the expansion must be attributed to the increase in the population and to the rise in prices.

There is every evidence that the complete figures for the second quarter of 1934 will show the recovery to have been well maintained. Iron and steel production should again make a good showing—the number of furnaces in blast, 101, now exceeds 100 for the first time since September, 1930—and while coal records some seasonal contraction, the value of building plans passed by the local authorities (a good index of general trade activity) should register a further substantial advance.

The foregoing parade of facts and figures may be conveniently summarised in the following two propositions:—

(1) There has been a general recovery in production and trade from the trough of the depression, but in external trade that recovery has been insignificant.

(2) In the United Kingdom the domestic recovery has been more marked than in most countries, but that is not the case with the export trade.

To these propositions another may be added :—

(3) Political disturbance apart, no other reason can be assigned for the failure of international trade to keep pace with internal trade in recovery than the multiplication of obstacles to international trade in the shape of exchange control, import quotas, additional tariffs and the whole range of expedients which can now be conveniently summed up in the term "economic nationalism."

In their origin these measures were largely the almost instinctive response to fear or provocation, but they have latterly tended to arrogate to themselves the title of a new political philosophy. Leaving aside vaguer and more emotional defences, economic nationalism is justified by its exponents mainly on two grounds. It is justified on the industrial side by the existence of abnormal unemployment, whose abatement or cure is regarded as an end of policy in itself ; and on the agricultural side it is justified by the need inspired by political, social or even military reasons for maintaining a reasonably contented, if not prosperous, agricultural population and for supplying by domestic production a certain proportion or the whole of the country's needs in primary foodstuffs. Thus the defence of economic nationalism is commonly non-economic—which does not, of course, prevent the adducing in support of much dubious or bad economic reasoning. To say that the case for economic nationalism is non-economic is, of course, not in itself a refutation, since a people may and often does desire to do many things for non-economic reasons and at a sacrifice, more or less clearly envisaged, of economic well-being. The existence of our exceptional body of unemployment is undoubtedly an evil which is not completely measured by the loss of so many million man-hours of labour. And the sudden ruin of a countryside is a disaster which few people will judge to be fully compensated by the availability of agricultural supplies at a lower cost from outside. Only the most austere school of economists, and perhaps not even they, would withhold temporary para-economic assistance in such cases.

Yet when it is represented that unemployment or a depressed agriculture are good reasons for the permanent establishment of a new system of protection and control, it is certainly legitimate to reckon up the economic misuses which must be set against the supposed social phases of the proposed

change. If a country is willing to pay the cost of a ring-fence economy well and good ; but let it know the cost.

Democracy is often an indiscriminating judge in matters of economic policy. It is apt to condemn each successive malady as the worst conceivable and the one to be avoided henceforth at any cost—even the cost of a worse evil. Inflation, deflation, paper currencies, gold currencies, unemployment have each in turn obsessed the national consciousness as the one evil which can never be endured again.

Great Britain at the present time is saddled with two such *bêtes noires*, both of which it is heartily desired to extirpate, but unfortunately the poison of one is the meat of the other. We are still not sure which of the two is the more serious, with the odd result that we are at the present moment engaged in administering alternate doses of bane and sustenance to each. We are desperately and apparently equally anxious to reduce industrial unemployment on the one hand, and to increase agricultural production on the other. And we have not yet been able to reconcile ourselves to the unalterable (or at any rate not alterable by any means which we are willing to adopt) fact that full employment of the industrial population premises a large export of manufactured goods, and that those manufactured goods can only be paid for by the acceptance as imports of large quantities of foodstuffs as well as of raw materials.

That is one of those commonplaces which is none the less true because it is a commonplace. The largest blocks of unemployment in actual productive industries shown in the *Ministry of Labour Gazette* classification are (at 14th May, 1934) as follows :—

|   |         |
|---|---------|
| Coal Mining ... ..                                | 293,224 |
| Iron and Steel ... ..                             | 42,757  |
| General and Marine Engineering ...                | 100,735 |
| Cotton ... ..                                     | 104,833 |
| Building and Public Works Con-<br>tracting ... .. | 256,103 |
| Shipbuilding ... ..                               | 80,563  |

With the exception of building and public works contracting all these relate to industries which traditionally have been dependent for prosperity upon the export of a large part of their output or (in the case of shipbuilding) upon an active international trade.

Theoretically it is, of course, possible to dissolve these solid masses of unemployment now present in the "export industries" without increasing exports. It could be done by the extreme *laissez faire* method of economic pressure on the unemployed, compelling them to seek labour elsewhere at any wages which they could obtain. Or it could be done by the opposite method of State-planned economy and industrial conscription on the Russian lines, by which the unemployed would be forcibly drafted into other industries or, failing them, into public works. But in practice the "find work or starve" method is entirely repugnant to present-day ideas, whilst of the "planned economy" method the President of the Board of Trade recently said: "I hope . . . we shall not find the dry and the arid and unproductive organisations playing too large a part. It would be a thousand pities if either Government departments or other organisations got in the way of those who make and sell and carry goods. Interference, after all, produces nothing." What other course then remains, if industrial employment is to be cured, but to attempt to rebuild our export industry by the method of trade agreement with such countries as are willing to buy from us if we buy from them?

On the other hand, it is certainly possible to increase our domestic food supply if we choose to pay the price in continued, and probably increased, industrial unemployment. It might even be possible by concentration on efficient production and the better education of British agriculturalists to achieve a substantial increase in the domestic food supply without any serious deterioration of the general standard of living, though this would certainly involve the adoption in the agricultural sphere of the State control and interference with private liberty which Mr. Runciman has condemned in the industrial sphere.

One of the remarkable features about the present conflict of policies is that it is being conducted largely in the dark. One would have supposed that before decisions were taken on this vital national question of how much of its own food supply the country should itself produce, a comprehensive survey would have been undertaken of its requirements of the various classes of foodstuffs on the one hand, and of the amounts and proportions now produced at home and imported on the other. One would have supposed that the question of costs would have been gone into, so that Parliament and the electors might have

before them something in the nature of a balance-sheet and profit and loss account from which they could approximately gauge the economic price to be paid for choosing, on non-economic grounds, to alter the proportions of food produced at home and imported from within and without the Empire respectively. But no such information appears to be available, and decisions are being taken on particular points without ever relating them to the root problem. I would urge that a collection and study of the relevant material should as soon as possible be placed at the disposal of the electorate.

Meanwhile it is difficult to escape the conclusion that if any really considerable expansion of domestic food production is to become a cardinal aim of policy, the further improvement in the standard of living which is the fervent aspiration of all but the wealthiest section of the community must be indefinitely postponed.

It must not be forgotten that, apart from the direct influence on the standard of living which the frank jettisoning of the principles of specialisation and natural advantage must have, allowance must be made in the case of a creditor country like Great Britain for a further indirect effort due to the probable loss of part of our foreign investments. If we severely restrict imports of wheat and meat and dairy produce it is unlikely that the Argentine and Australia and New Zealand will be able to continue permanently paying us full interest on our very large investments in those countries.

There is a further non-economic consideration to be set against the non-economic advantages claimed for nationalism, namely, that the restriction of imports from the Dominions which is now threatened must involve serious risks to the continued economic and sentimental solidarity of the British Empire. The harmonious political evolution of the Empire towards a state of complete administrative independence of its units seems happily to be assured, thanks largely to a forbearance on the part of the mother country for which it would be difficult to find a precedent in the history of empires. But a real cleavage of economic interest might in time go far towards sundering the bonds of culture and cordiality which, in the ultimate scale of values, are to be so much more highly esteemed than any merely political means.

The suggestion that there is any real objection on the score of "standard of living" to a large measure of agricultural

self-sufficiency on the part of this country is questioned by some authorities, including no less a one than the Minister for Agriculture, and deserves further discussion.

Mr. Elliot's defence of his agricultural policy, broadcast on March 27th, lacks nothing in boldness. He asserts roundly that the problem of the future (of the very near future, if not the present) is the problem of how to organise, not work but leisure. We are now in the midst of a revolution, a revolution which is leading us to the "Leisure State" in which the people as a whole will have a great deal more spare time on their hands than they have at present. Economic nationalism is a symptom of the coming of the Leisure State, for this problem of how to readjust the productive machinery so that everyone shall have his fair share of the increased leisure which will be available is so complex that it can only safely be attacked within smaller areas and not on a world-wide scale. As matters were working out, Great Britain was having more than her fair share of spare time forced upon her. "It looked as if all the spare time was going to be concentrated in this island so far as agriculture is concerned and all the work outside." Economic nationalism is therefore justified as a defence against international maldistribution of "spare time." But it is also justified by Mr. Elliot as contributing to efficient national consumption of spare time. "If we are right in thinking that one of the biggest problems will be the problem of spare time, it [limitation of agricultural imports] is simply vital. Many of us will wish to spend some working time in the country and we shall all desire to spend some spare time in the country—and not a country simply of playgrounds, but a country where people are doing things, real things. The real thing which people do in the country is to work with flocks and herds, and to cultivate the soil." Mr. Elliot's plea for economic nationalism on the ground that it would add to the townsman's country holiday the enjoyment of *alterius spectare laborem* is perhaps not a very serious contribution to the discussion of the subject. But his root assumption that productivity is threatening to outstrip the desire to consume demands to be taken seriously and to have a quantitative yardstick applied to it.

As a rough and ready test of the validity of the theory let us take certain facts about the National Income and its distribution. The National Income of Great Britain and Northern

Ireland is estimated at about £3,400,000,000 equivalent to £74 per head of the population, a figure which does not suggest that the danger of inconveniently large production is very imminent. But of this £3,400,000,000, about £2,550,000,000 represents income belonging to income tax payers—for this is the amount of "actual income" assessed to income tax in 1932-3, and the "actual income" figure of the Commissioners of Inland Revenue has been shown by Professor Bowley and Sir Josiah Stamp to be very close to that part of the "National Income which accrues to the income tax paying class." Thus the aggregate income of the class below the income tax exemption limit (£100 assessable income, equivalent to £125 earned income) was, say, £850,000,000. Now the total number of income tax payers in 1932-3 was 3,500,000, and if we assume that each of these has, on the average, two-and-a-half dependants, we arrive at the figure of 12,250,000 as the number of persons in the "income tax paying class." Subtraction from the total population of 46,000,000 therefore gives the number of persons whose incomes are below the exemption limit as 33,750,000. Dividing this last figure into the residual income of £850,000,000, we have a figure of approximately £25 as the average annual income per capita of the non-income tax paying classes. Would Mr. Elliot seriously claim that there is here evidence that production is so much in excess of consumption that less time ought to be devoted to work and more time allowed for leisure? In order to raise the £25 per annum per head to £3 a week per head—not inherently an extravagant figure for present leisure time spending—a national income well over double the present figure would be necessary.

These figures make no pretence at more than rough accuracy, but they are sufficient to indicate the orders of magnitude involved. They strongly suggest that while certain sections of the community may desire to take some part of the advantage of increasing productivity in the form of slightly increased leisure, there is no general problem of excessive production and deficient leisure to be attacked. They suggest that Mr. Elliot's "revolution" and "leisure state," like the technocracy of the Americans, are the products rather of a lively imagination than of a sober weighing-up of facts.

If that be so, does it not follow that the great economic problems facing this and other civilised countries are much the

same as they have been for generations, different in detail and in degree but not in kind?

The root desire of every people is to raise its material standard of living. Education and scientific research have shown how an increased and increasing supply of consumable commodities can be made available. But they have as yet wrought no such miracle as would enable the world to dispense with the advantages of specialisation, the stimulus of competition, and free interchange between individuals and countries. Least of all can this country, with its peculiar assortment of national advantages and disadvantages—its capacity for large-scale industry and its incapacity for large-scale agriculture, its nodal position on the world's communication lines, its experience on the sea and in finance—hope to prosper or even decently to exist as an autarkic economic unit.

O. R. HOBSON.

## Notes of the Month

*The Money Market.*—Business has remained very limited, and apart from a temporary firmness at the end of June, short loan rates are unchanged. The clearing banks continued to quote an agreed rate of  $1\frac{5}{8}$  per cent. for three months' Treasury bills until July 9th, when the rate was reduced to  $\frac{7}{8}$  per cent. The rate for the finest standstill bills hardened fractionally on the news of the German moratorium, but it is inconceivable that the moratorium will be extended to embrace the standstill agreements, as this would entail the grave risk of dislocating the whole finance of Germany's external trade. At the end of June the money market had to borrow a fair amount from the Bank of England, whereas at the end of June, 1932 and 1933, borrowing at the Bank was avoided. To some extent, this year's borrowing was due to the fact that June 30th fell at the end of the week, for in previous years the market was able to arrange its Treasury bill tenders so that its week's payments for bills fell in July, whereas this year all the week's bills had to be paid for in June. Still, there are signs that money is less plentiful than a year ago. French balances have lately been repatriated, and American balances have been used in the purchase of gold and silver. On the other hand, the supply of bills continues to diminish. There is no increase in the number of commercial bills in the discount market, while the April Funding Loan issue, which is now fully paid-up, has checked the usual summer increase in the Treasury bill issue. It may, therefore, be true to say that the money market is working on a narrower basis than it was a year ago.

*The Foreign Exchanges.*—Until the end of June sterling remained weak against both the franc and the dollar, and it was reported that sales of francs were made from time to time by the British Control. No anxiety was caused by this weakness of the pound, for with the return of confidence in the franc French interests have presumably begun to repatriate their London balances, while during recent weeks foreign operators on the London Stock Exchange have been inclined to take their profits and to transfer their money home again. At the end of June sterling strengthened slightly, but this improvement was psychological and was inspired by a French ministerial utterance and by anticipations of President Roosevelt's address

of June 28th. The Berlin exchange naturally became erratic on the news of the moratorium, but the imposition of drastic official exchange control has since been reflected in a very slight improvement in the Reichsbank's condition. Hence the official Reichsmark rate has developed no serious weakness and registered marks are very steady at 34 per cent. discount. The recent settlement between the British and German Governments, whereby the service of the British portions of the Dawes and Young loans is to be met in sterling for the next six months, has relieved the British Government of the need of using their special powers for imposing exchange clearing upon Germany, but the German Government has agreed that it is prepared, "without delay," to negotiate an exchange agreement with Great Britain, for commercial payments, similar to those in force between Germany and other countries.

*The Stock Exchange.*—Markets remained quiet during June, but here and there prices were inclined to become firmer. British Government Securities, in particular, have entirely recovered from their temporary weakness during May, and appreciable advances in prices were recorded during the latter part of June. In the foreign bond market the German Dawes and Young loans naturally reacted sharply on the news of the moratorium. Prices of all German issues have since been so low that the political disturbances at the beginning of July had very little effect. Brazilian loans have lately strengthened. The Home Railway market has remained overshadowed by the wage question, but prices improved slightly in early July. The Industrial market has been quiet but irregular. There is, however, no sign of any serious weakness, and June witnessed a slight net recovery in prices. Operators are apparently satisfied with the present state of trade, but are less certain regarding further improvement. They also realise that current prices fully discount the recovery that has so far occurred. Gold mining shares remained fairly steady in June after their previous spectacular improvement, but there is no sign of any reaction. The rubber and oil markets have been dull but prices are well maintained. Base metals weakened slightly during June. There was a sharp rise in tea shares at the end of the month.

*Overseas Trade.*—Imports and exports for May registered improvements over both April last and May of last year, so that

our foreign trade has been well maintained. Expressed in terms of value our overseas trade is only a fraction of what it was prior to the depression, but this contraction is mainly due to the fall in prices, and the *Economist* calculates that, measured in volume, our May imports of raw materials were 9 per cent. above the level of 1924. Hence the figures expressed in values are liable to create too pessimistic an impression. Unfortunately, the returns of exports of British manufactures are much less encouraging, for the *Economist* has calculated that they were 30 per cent. below their 1924 volume. These figures confirm the general view that the recovery is mainly confined to home trade.

| Description                               | Jan.-May,<br>1933 | Jan.-May,<br>1934 | Increase (+)<br>or<br>Decrease (-) |
|---|-------------------|-------------------|------------------------------------|
|   | £ mn.             | £ mn.             | £ mn.                              |
| Total Imports ... ..                      | 267.1             | 301.2             | +34.1                              |
| Retained Imports ... ..                   | 247.2             | 276.5             | +29.3                              |
| Raw Material Imports ... ..               | 69.8              | 91.6              | +21.8                              |
| Manufactured Goods Imports ... ..         | 58.7              | 70.1              | +11.4                              |
| Total Exports, British Goods ... ..       | 146.9             | 157.6             | +10.7                              |
| Coal Exports ... ..                       | 12.8              | 12.7              | -0.1                               |
| Iron and Steel Exports ... ..             | 11.6              | 12.8              | +1.2                               |
| Cotton Exports ... ..                     | 25.9              | 24.2              | -1.7                               |
| British Manufactured Goods Exports ... .. | 113.2             | 120.8             | +7.6                               |
| Re-exports ... ..                         | 19.9              | 24.7              | +4.8                               |
| Total Exports ... ..                      | 166.8             | 182.3             | +15.5                              |
| Visible Trade Balance ... ..              | -100.3            | -118.9            | -8.6                               |

Imports for the first five months of the year have increased by £34.1 millions. About two-thirds of this increase was in raw material imports. Part of the increase of £11.4 millions in imports of manufactured goods also relates to such commodities as non-ferrous metals and petrol, which are really raw materials, but there has also been a general increase in imports of manufactures. Exports of British goods have risen by £10.7 millions. The chief increase is in exports of woollen goods, and while there has been some expansion in their volume this is partly due to the increase in wool prices. The adverse visible trade balance for these five months is £8.6 millions greater than in 1933.

## Home Reports

### The Industrial Situation

While in a few directions there have lately been signs of a certain slowing-down of activity, it must be remembered that the summer holidays are usually preceded by a slight recession in trade, and so far as home business is concerned there is no ground for pessimism. One or two indications, in fact, are definitely encouraging. Thus the May returns of retail trade showed an improvement of 7·7 per cent. over last year, and this was well spread over the whole country. In London, at least, there is no reason to fear that the June returns will reveal a recession. The slight set-back shown by the June unemployment returns is more than explained by the seasonal recession in the coal trade. June provincial bank clearings were 9 per cent. higher than those of last year, and metropolitan and country clearings were also higher. Railway goods traffic receipts for the four weeks ended July 1st were £6 millions, compared with £5·5 millions for the same period in 1933. Against these encouraging results, certain of the heavy industries report a falling-off in orders, but this is probably due to the approach of the holidays, and in many branches of the engineering industries there is no sign of any recession. The cotton trade has been irregular, but Indian enquiries are better than earlier in the year. The woollen industry has been checked by the sharp fall in raw wool prices, due in part to the German embargo upon wool imports. The coal trade is dull, but this is very usual in the summer months, and business is better than a year ago. Activity in the building trades continues to increase.

### Agriculture

*England and Wales.*—According to an official report for early June corn crops generally were healthy and promising. The growth of main crop potatoes has been satisfactory. Early sown root crops have germinated well, but fly has been troublesome. Hop vines were healthy and vigorous, but growth has been slightly checked by the cold winds and lack of rain. Seeds and meadow grass were not as forward as usual for the time of year. Cattle and sheep were in fair condition and lambs were healthy. Milk yields showed a somewhat smaller seasonal increase than usual.

*Scotland.*—The prolonged drought had an adverse effect on all classes of vegetation, and while crops generally were looking well, rain was urgently needed, particularly for root crops. In the produce markets grain has been in moderate supply, with oats a firm market. Weather conditions have affected the livestock markets, and while the lighter sorts of bullocks have maintained their price, heavier qualities have met a weakened demand. Sheep have been in fair request with best quality lambs making rather better rates.

## **Coal**

*Hull.*—There is quite a good demand for most grades. Prices rule firm.

*Newcastle-upon-Tyne.*—There has been a decided falling off in the demand for both Northumberland and Durham coals, and screened coals are particularly quiet. Producers of coking, gas and steam coal are in need of prompt business. There is still a strong market for Durham coke, due largely to a steady home demand.

*Sheffield.*—Demand is quiet and new business scarce both on inland and export account. In industrial fuels the supply is equal to the demand, and household coal is in poor request.

*Cardiff.*—Conditions are dull and the outlook not too satisfactory. All classes of coal are readily obtainable at schedule prices. The new Anglo-French Trade Agreement provides that the French Government will not reduce the present quota for imports of British coal into France. This stands at 49·5 per cent. of the normal total quota, which is 58·5 per cent. of the average French imports for the three years 1928–30.

*Newport.*—Foreign shipments in May amounted to 124,000 tons, against 163,000 tons in April and 229,000 tons in May, 1933. The continued breach with the Irish Free State is seriously affecting shipments.

*Swansea.*—The anthracite market is still rather irregular. Prices for best qualities are firm and there is a slight improvement in the screened second qualities of sized coals. Steam coals are offered freely, and enquiry for bunker coals is slow.

*Glasgow.*—The collieries in Lanarkshire and Ayrshire are much in need of orders for large coal, owing to the seasonal

decline in the demand for household coal. In Fifeshire, however, the collieries dispose of the major part of their production for shipments and are well employed. In the Lothians the poorer qualities of screened coal are quiet, but the demand for primes is well maintained. Small coals are in improved demand in all areas and steady to firm in price. Export business is quiet, as collieries' quotations are unattractive to buyers.

### **Iron and Steel**

*Birmingham.*—Demand is slowing down in some directions but there is no lack of confidence in the future. Import trade in billets is active in view of the application for increased duties on certain forms of foreign steel, but no serious inroad has been made in the home market. Imports of materials listed in the application for higher duties have fallen away. The pig-iron position remains satisfactory and prices are maintained.

*Sheffield.*—Local steel works continue to be well employed and are still working overtime in some sections. The rolling mills are busy, but there is a slight falling off in forward enquiries. Demand for scrap is considerably quieter.

*Tees-side.*—Production has been fully maintained. New business is not quite so extensive, but iron masters have good order books. Overseas interest in pig-iron remains poor and prices offered are unremunerative. Home prices are firm, but it is doubtful if home business can be much further developed. Consumption of semi-finished steel is heavy and manufacturers have fairly good contracts on hand. Demand for structural steel is heavy, but there is little enquiry for railway and ship-building specifications. There is a slight improvement in overseas enquiry for steel.

*Wolverhampton.*—Foundries generally are well occupied. There is a good demand for pressed work.

*Newport.*—The works are less active. There have been no further imports of iron ore since the beginning of May. Iron and steel imports and exports, however, show some improvement over last month.

*Swansea.*—Tinplates are a slow market at the moment, owing to uncertainty as to the outcome of the proposed International Agreement. The basis price of 17s. 3d. per box is firmly held, and the trade has a very fair order book. Steel

works are working at 70 to 75 per cent. of capacity. Export business in galvanised sheets remains very poor.

*Glasgow.*—Business with overseas markets is still scarce. Makers in the West of Scotland are fairly well employed, but uneasiness is felt as regards the autumn, as new business is distinctly quieter. Producers of heavy steel are well supplied with orders, particularly for shipbuilding materials. In the sheet trade the heavy gauges are in good demand, but light sheets, which are largely produced for export, are quiet. Weldless tubes are in strong demand. The wrought-iron and steel re-rolling trades are very quiet owing to Continental competition both in the export and the home markets. Consumption of pig-iron is steady, and the production of the fifteen furnaces in blast is being well absorbed.

## **Engineering**

*Birmingham.*—Activity generally is well maintained, though there is a slight seasonal decline. Motor accessory manufacturers continue to be well employed.

*Coventry.*—The motor car industry continues to be very active and prospects are good. Electrical engineering trades are busy, and should be stimulated in part by the proposed reduction in telephone rates.

*Sheffield.*—The improved trade conditions are well maintained and prospects are equally bright. All branches of the tool trade are well supplied with orders. The trade has not been so well employed for several years and the chief difficulty seems to be that of delivering to date. Prices tend to harden.

*Wolverhampton.*—The lighter branches of engineering remain active, but improvement in the heavy side is slow. The motor car industry remains active and the pedal cycle trade is also experiencing a good season.

*Glasgow.*—There is a continued improvement in the marine engineering industry. One of the busiest Diesel engine establishments, who are making a large number of units for Clyde shipbuilders, recently contracted to supply two large Diesels for a vessel for Australian owners which is being built on the Tyne. Makers of steam engines, auxiliary machinery, pumps, valves and super-heaters are all sharing in the general

improvement in the industry. Shipbuilders are not booking many orders, but an encouraging number of enquiries are being received.

### **Metal and Hardware Trades**

*Birmingham.*—Business in the cold rolled brass and copper section is fully maintained. Makers of metal smallwares are very busy and prospects are bright. Exports are showing improvement, particularly to Australia and South Africa. Prices are steady. The improvement in the jewellery trade is maintained. Chromium platers remain active.

*Sheffield.*—Conditions in the cutlery trade, though still active, have lately become quieter. The demand for better-class goods is well maintained. Silver and silver-plated ware are in good demand. The new scale of time-rate wages, fixed by the cutlery trade, came into operation on June 4th and prices have consequently risen.

*Wolverhampton.*—The hollow-ware trade is well maintained, especially in the enamelled section. Aluminium products are also selling well. The lock industry continues to make steady progress. There is some improvement in the edge tool trade, but no great headway can be expected until seasonal buying begins in the autumn.

### **Cotton**

*Liverpool.*—A steady tone has prevailed in the market throughout the month. Recent prices show an advance of nearly  $\frac{1}{2}$ d. per pound, due to a slight improvement in trade demand and reports of crop damage. Speculators have shown more interest, the present "bullish" tendency being caused by recent crop estimates, and the tax imposed by the Bankhead Bill. The next few weeks will see the market very susceptible to day-to-day weather reports, as the present time is an important stage in the growing of the new crop. In the spot market there has been a fair though limited demand for American growths. With the exception of Brazilian descriptions, which have been in good demand, outside growths have been quiet. Manchester reports considerable cloth enquiry, the market being generally firm with a fair Indian demand.

## **Wool**

*Bradford.*—Business remains very quiet. Demand is not sufficient to test prices appreciably. Users appear to be well covered. At the fourth London wool sales, which opened on July 3rd, prices declined by 15 to 20 per cent. below the closing prices at the May sales. The German import restrictions have been extended until the end of August.

*Huddersfield.*—Trade is still quiet. New ranges have been shown in London, but orders are not coming in at all freely. Merchants' stocks are believed to be getting lighter, and it is thought that there will be a definite increase in orders before long.

*Hawick.*—Prospects in the tweed trade for the spring of 1935 are somewhat uncertain. Manufacturers who have been able to show anything novel by way of samples have met with the best reception. Looms are very inactive at present. Hosiery and underwear manufacturers are also quiet, and dyers and spinners are poorly employed. There is a slightly better tone in the wool market.

## **Other Textiles**

*Dundee.*—Until the end of June there was no improvement in the jute trade in spite of extremely low prices. In early July, however, less favourable crop reports from India caused a hardening of raw jute prices, and this brought out fresh orders for yarn and cloth.

*Dunfermline.*—In the Fifeshire linen trade business moves slowly. Export orders continue scarce, but some increase is looked for shortly for autumn delivery. Prices of raw materials are all firmer, and both spinners and manufacturers can tempt buyers no further in view of the cost of production. There is very little business in wet spun yarns.

## **Clothing, Leather and Boots**

*Northampton.*—Very few firms are busy and little progress has been made since last month.

## **Shipping**

*Hull.*—The enquiry for tonnage is still limited. Still, rates generally are being maintained at slightly higher levels.

*Liverpool.*—There has been fair enquiry for outward coal tonnage and rates have continued steady. An improved tone is noted in the River Plate section, but there has been little change in rates. Atlantic-America trade has continued dull and featureless. Australian rates have lately shown a small advance.

*Newcastle-upon-Tyne.*—The difficulty of getting cargoes homewards from the Mediterranean is causing owners to hold out for higher outward rates. Rates for the Baltic are steady.

*Cardiff.*—The freight market is better on the seasonal shortage of tonnage. Rates for the Mediterranean direction have improved by about 1s. per ton.

*Newport.*—Coal freights show little improvement, and the demand for tonnage is poor. Another vessel has been laid up, making a total of four. The liner services continue to be well maintained.

*East of Scotland.*—There were about twenty vessels on loading turn at the various Forth coaling ports in the middle of June. Other exports at the port of Leith have been normal, but a general improvement in the import trade has lately been noted. The outstanding feature is the large increase in grain arrivals.

*Glasgow.*—Shipments of coal at ports in Scotland are on a considerable scale. Much of the export business done is, however, on an f.o.b. basis, and the freight market is quiet as chartering is largely arranged abroad. For the year to date, coal shipments coastwise and foreign are fully 350,000 tons in excess of the quantity for the corresponding period last year.

### **Foodstuffs**

*Liverpool, grain.*—This month has seen an all-round increase in wheat prices, and apart from quiet conditions over the Whitsuntide holiday, some good trade has been passing in Plate and Australian varieties. The market has been chiefly influenced by crop reports from the United States and Canada, which, especially in the case of the United States, show that there has been widespread drought and severe crop deterioration. As a result, the June estimate of the American crop was only 11.5 bushels per acre, as compared with an average crop of 13.9 bushels per acre for the last five years. Prospects of the Canadian crop have improved owing to recent rains. Maize

has been a steady market with a fair demand for Plate varieties, and prices show a slight advance on the month. It is not thought that the United States is likely to be an exporter this year in view of the recent crop damage. The Roumanian embargo on exports still continues, but hopes are entertained that it will shortly be lifted. Following the rise in wheat values, the price of both home-milled and imported flour has advanced by 1s. per sack. This has caused a quieter demand, but prices have remained steady.

*Liverpool, provisions.*—Continental bacon proved dearer and in better demand, the market remaining firmer. The trade in American hams was also firmer. Lard was in normal request at extremely low prices. Although a heavy production of butter was experienced, the consumptive demand has proved equal to handling supplies. The market remained steady and stocks at the end of May were practically level with last year's figures, indicating that the excess in imports had been readily absorbed. Cheese was quiet throughout the month, the low prices ruling for English factory-made subsidised cheese having its effect upon the sale of the imported varieties. In the canned goods section, meats were firm, prices showing an upward tendency. Fruits remained in good demand at higher prices.

## **Fishing**

*Brixham.*—Landings for May dropped to about half normal, creating a low record. Prices were marked down on poor demand.

*Lowestoft.*—During May landings in England and Wales indicated a healthier position than last year. The average value has improved from 13s. 8d. to 16s. 8d. per cwt. Some progress has been made in the negotiations for a contract for the sale of 70,000 barrels of herrings to the U.S.S.R.

*Penzance.*—Fishing has shown a very considerable improvement with regard to the Cornish Long Liner. Boats have been landing some very fine catches of ray, skate and turbot. Demand for these fish has been very keen at record prices. The mackerel season is finished, and most of the East Coast boats have left for home. The demand for mackerel has been very poor.

*Scotland.*—Difficulties in regard to the Russian marketing scheme, and also German currency restrictions, have affected the Scottish herring fishery, and for a period an arrangement was made whereby half the fleet proceeded to sea on alternate nights. The quality of the herrings has not been too satisfactory, and demand and prices have been poor. There have been moderate landings of line fish.

### **Other Industries**

*Carpet-making.*—Kidderminster reports that the carpet trade is busy and some manufacturers of Axminster squares and piece-goods are working overtime. Lower qualities of Wiltons are selling freely. Tapestry goods are not so much in demand. Trade with Holland, Scandinavia and Australia is good. Business with New Zealand and South Africa is less active, but English manufacturers are able to hold their own against foreign competitors.

*Paper-making and Printing.*—Edinburgh reports that steady conditions are prevailing in the paper-making trade. Export business is still hampered by currency and other difficulties, but nevertheless is continuing to improve. Mills are now working full time on a five-day week basis. The printing trade is also steady and shows a gradual improvement. The commercial side is fairly good and as the publishing houses are busy preparing for the autumn season there is not much unemployment.

*Pottery.*—Longton reports that business has been quiet, particularly in the china trade. Some firms report a slight improvement in orders from Australia and South America.

*Timber.*—Hull reports that prices remain firm. The shipping season is now in full swing, and there are many arrivals from Russia and Scandinavia. Inland consumption remains active. Newport reports that pit-wood imports in May were the same as those in April, namely, 17,200 loads, showing a decrease of 1,600 loads compared with May last year. Other timber imports were 640 loads less than in April and rather less than half those of May, 1933.

## Australia

## Overseas Reports

*From the National Bank of Australasia Limited*

Apart from Western Australia and the Coastal Districts, there has been a marked deficiency in the rainfall for the last two months, which is delaying wheat sowing and stopping the growth of pastures. Exports have declined owing to the delayed shipments of wheat, but imports have been well maintained. Ten months' commodity exports at £81 millions sterling compare with £68 millions for the corresponding period last year, and there is a favourable trade balance of £33 millions sterling. There has recently been a slackening off in building and the secondary industries, but they are still better than a year ago.

## Canada

*From the Imperial Bank of Canada*

The recovery which has been in progress since February, 1933, continues to make headway, but at a less rapid pace. Spring crop conditions have not been favourable as the drought and high winds have largely exhausted the moisture from the winter rains. The price of wheat has risen to the highest point of the year, however, and this should aid the holders of the 200,000,000 bushels of visible supply. The official index of the visible volume of business is more than 30 per cent. above that of a year ago. There is a slow improvement in employment, and industrial activity is keeping pace with the general recovery. Automobile production is more than double that of last year, and primary iron and steel industries show a marked expansion. Newsprint output is 40 per cent. higher than last year, but profits have shrunk with the elimination of the exchange premium on exports to the United States. The lumber industry is greatly improved, mainly as a result of exports to Great Britain. Car-loadings reflect the increased movement of merchandise and electricity output is 30 per cent. over that of last year. Construction remains relatively small, but contracts awarded in May represent the largest total for 2½ years. Mineral production continues active.

## India

*Bombay.*—The Bombay mill strike remained a disturbing factor during May. Cotton prices have, however, not been much

affected and remain steady with the market mainly featureless. Up-country textile centres report a substantial demand for cloth, and there has been a slight increase in Japanese buying of cotton. There has been a slightly better demand for all styles of British and Continental piece-goods, and there have been large bookings of prints as a result of the reductions by the Calico Printers Association. A good trade has been done in fancies at cut prices. Prices of Japanese goods continued firm with an advance of 3 to 4 annas per piece. The Bombay strike was reflected in a gradual reduction in stocks held at the mills.

*Calcutta.*—The jute market has been dull and easy. A small business was done with the mills in old crop jute. Trade in new crop jute has been quiet, but weather conditions have been favourable and crop reports remain satisfactory. The market in baled jute has been subject to selling pressure, and prices have become easier.

*Rangoon.*—Shipments of rice have been abnormally large, due solely to Indian demand. Prices have been rising slowly. Paddy has become firmer in sympathy, and better prices are expected. There was a fair amount of European enquiry in the timber market, but prices are dominated by keen competition. Indian demand has improved.

### Irish Free State

Crops are healthy but backward and in the middle of June rain was badly needed. Pastures were but lightly covered with grass, and the supply of hay may be considerably below the average. Autumn-sown wheat has made excellent progress and is looking exceedingly well. Oats and barley have also made good progress. Sugar beet has been sown under favourable soil and weather conditions. Demand for cattle has been slightly better at the fairs, but prices show no appreciable change. Conditions in the pig markets were largely unchanged. There are signs of a general increase in breeding stocks.

### France

*From Lloyds & National Provincial Foreign Bank Limited*

Trade figures for the first five months of 1934 show no change in the tendency which has been apparent since the beginning of the year. Imports are considerably lower than

for the same period of last year, while exports remain about the same. The adverse visible balance is thus only Frs.3,303 millions compared with Frs.5,162 millions for the first five months of 1933. The actual returns for the first five months of the year are summarised in the following table :—

|               |        | 1933           | 1934           |
|---------------|--------|----------------|----------------|
|               |        | Frs. mn.       | Frs. mn.       |
| Imports       | ... .. | 12,699         | 10,651         |
| Exports       | ... .. | 7,537          | 7,348          |
| Trade balance | ... .. | <u>— 5,162</u> | <u>— 3,303</u> |

All the big railways report a falling-off in receipts this year, a decrease of Frs.170 millions from Frs.4,660 to Frs.4,490 millions being so far disclosed by the six principal companies. The restoration of confidence in French finances has been followed by a general easing of money rates, culminating in the reduction of the Banque de France's rediscount rate from 3 to 2½ per cent. on May 31st. The Banque de France is also making good its previous gold losses. On March 2nd, immediately after the American gold withdrawals, its gold reserves stood at Frs.73,928 millions, but by June 29th they had risen to Frs.79,548 millions. On the Paris bourse there has been a general rise in fixed interest-bearing securities under the leadership of French rentes. Other sections of the bourse have been steady but inactive.

*Bordeaux.*—There has been no change in the wine market during the past month but the prospects of this year's crops are very favourable. The resin market is quiet with few transactions for export. Purchasers have combined in order to maintain prices.

*Le Havre.*—There has been no improvement in the coffee market, and new business is difficult to arrange. The trade agreement with Brazil has been signed, but has so far failed to create any noticeable improvement. Cotton quotations have steadily improved, and prices now appear to be fairly stable. Imports are on a reduced scale but are sufficient to meet the smaller demands from the mills. Stocks, too, are small and are well held, with no inclination to sell at present prices. News from the spinning districts, however, reports no improvement, and spinners are experiencing difficulty in obtaining remunerative margins.

*Lille.*—Business in the textile industries is still very quiet. Flax yarns are too low in price to be remunerative and spinners will have to curtail their output still further. The firmness of the cotton market has had no stimulating effect on demand for yarns. Activity in the weaving industry continues to decrease, and it is probable that several mills will have to close down for one or two days a week.

*Marseilles.*—There has been a slight improvement in Continental and Nigerian groundnuts as a result of the increased demand in Northern European markets, but business remains restricted. The market in French Colonial groundnuts in shell is very dull, and prices have declined further. Copra has been quiet, and olive oil prices have fallen slightly in spite of low stocks.

*Roubaix.*—Business is almost at a standstill. The position of the top makers is becoming increasingly difficult as the German market is closed to them and local consumption has largely fallen off. Stocks exceed 18 million kilos, which is a record high figure, and prices have fallen sharply. Activity in the combing section is declining. Spinning shows no improvement and nearly every mill is working short time. The winter weaving season has been a failure and unless there is an improvement shortly the position of some cloth weavers will be very bad. Unemployment and short time are increasing throughout the industry.

## **Belgium**

*From Lloyds & National Provincial Foreign Bank Limited*

*Brussels.*—The general trend of the iron and steel market shows no improvement, but works remain active and conditions are beginning to favour producers. An order for 15,000 tons of sheet iron has been received from a Russian concern. The meeting of the Freights Commission with representatives of the Far East Conference in Paris has not been able to come to any conclusions. The Belgian group are holding out for the right to apply competitive rates in case of need. Exports of semi-finished products continue satisfactory. The coal trade remains unsatisfactory, and prices are very low.

*Antwerp.*—Germany's continued embargo on wool imports continues to create uneasiness and a rush of sellers brought

down quotations on the Antwerp futures market to as low as 26½d. per lb. for the more distant deliveries. Profit-taking and speculative purchases then caused an improvement, which was further helped by the cancellation of the Australian June sales. Prices consequently have since risen to 28½d. per lb. Business in the open wool market has been practically at a standstill.

### Germany

*Germany.*—During May the improvement in economic activity has been maintained, but the outlook is rather uncertain. From official statistics the number of unemployed declined from 2,608,600 at the end of April to 2,529,000 at the end of May. Coal production was 397,938 tons per day in May, as compared with 397,952 tons in April and 344,119 tons a year ago. The output of steel ingots rose from 977,576 tons for the 24 working days of April to 989,273 tons for the 23 working days of May. This figure shows an increase of 53·9 per cent. over the figure for May last year. Car-loadings were 116,700 per day in May compared with 114,800 in April and 106,100 a year ago. There has been both a rise in exports and a fall in imports and hence the unfavourable trade balance has declined from Rm.82 millions in April to Rm.42 millions in May. Wholesale prices have tended to rise and indices of stock exchange securities (especially for heavy industry shares) show a marked advance during recent weeks.

### Holland

The German transfer moratorium caused little surprise, for at the time of its announcement negotiations were already in progress with the German Government. It is expected that Holland will be asked to concede reductions in interest rates and also to permit the increased importation of German goods. Hence the prospects of a settlement are not too hopeful. The clearing agreement between Holland and Germany has also been revised, and as a result is now confined to exports of goods produced in Holland or the Dutch East Indies. The exclusion of re-exports is a serious blow to the transit trade, which is of considerable importance to Holland. The new Dutch tariff came into force on July 1st. Raw materials remain free of duty, semi-manufactured goods bear duties ranging from 3 to 6 per cent., "capital" goods are taxed at 6 per cent., and other

finished goods are taxed at 12 per cent. The former customs surtaxes are abolished. In the Dutch East Indies trade negotiations have been opened up with Japan. Reports from home industries are relatively good. Unemployment has declined to a figure of 300,000, and company reports are becoming more encouraging. The foreign trade figures for the first five months of the year are summarised below :—

|               |        | 1933    | 1934    |
|---------------|--------|---------|---------|
|               |        | Fl. mn. | Fl. mn. |
| Imports       | ... .. | 467     | 449     |
| Exports       | ... .. | 293     | 279     |
| Trade balance | ... .. | — 174   | — 170   |

This shrinkage on both sides of the account is mainly due to price changes, for the volume figures are practically unaltered. Reports from the Dutch East Indies can still hardly be called encouraging. The most satisfactory feature is the substantial lowering of production costs effected during the past few years. This means that the colony has gone a long way towards adapting itself to the changed circumstances.

### Norway

Industrial production has to some extent been interrupted by lack of water, but trade has been maintained. Norwegian idle tonnage has increased. Reports from the shipping industry are better. On June 1st, 1934, there were 146 vessels of 624,385 tons d.w., compared with 178 of 587,325 tons d.w. on May 1st, 1934, and 276 vessels of 1,220,825 tons d.w. last year. Unemployment also shows rather more than a seasonal decline from 40,439 in April to 34,175 in May, compared with 39,846 in April and 35,803 in May last year. Owing to the failure of Norwegian whalers to dispose of any of last season's output of 300,000 tons, it was proposed earlier in the year that the entire whaling fleet should be laid up for the coming season. The Christensen group arranged with Messrs. Unilever for the sale of up to 111,000 tons of whale oil per season for two years, at a price based on production costs. It is reported that Messrs. Unilever and their associated companies simultaneously agreed not to extend their whaling activities. The conclusion of this contract aroused considerable attention in Norway, and ultimately a meeting took place between representatives of the

Government and of the Whaling Association. This meeting appointed a committee which has now reported that market and other conditions seem to justify restrictions of whaling operations, and that such restrictions should be effected for a number of years. The committee has also proposed that the catching season should be limited to seven months. It is recommended that it should be the function of the Norwegian Government to put such measures into effect, but that they should not be resorted to until the co-operation of foreign whaling companies has been secured.

### Sweden

The export markets have become quieter. The wood goods and pulp markets have been comparatively inactive, but prices continue firm. Sales of timber up to the middle of June amounted to 650,000 standards. In the wood pulp market deliveries for this year are gradually becoming exhausted and 1935 contracts are beginning to dominate the market. On the sulphite market the policy of restricting output that has already been pursued for a long time by the European organisation S.P.S. has resulted in a better adjustment of production to consumption, and at the same time has created a firm price-level. On the sulphate market the rise in prices has been just sufficient to compensate for the depreciation of the dollar. There is little change in the paper market. Several branches of the engineering industry have shown a marked improvement and the figures for both the production and export of pig-iron have risen considerably since last year. Iron ore exports for the four months up to the end of April amounted to 1,523,000 tons, compared with only 689,000 tons up to the end of April last year.

### Denmark

Largely owing to current import restrictions, the textile industry is now flourishing and factories are working to full capacity. Shipping has improved further, for the number of laid-up vessels has fallen from 29 ships of 101,439 tons deadweight a month ago to 19, totalling 60,484 tons deadweight. A year ago the laid-up tonnage amounted to 216,873 tons. In April for the first time this year there was a surplus of exports over imports. Agriculture remains depressed, and the situation has on balance not changed very much during the past year.

Still, prices became somewhat firmer during early June, and bacon, in particular, rose from Kr.144 to Kr.160 per 100 kilogrammes. The Government is believed to have been preparing a new scheme for the assistance of agriculture, and towards the end of June details were anxiously awaited.

### Switzerland

#### *From Lloyds & National Provincial Foreign Bank Limited*

Business continues quiet with a slight diminution in exports during May. The Customs Authorities' Report discloses the fact that while the exports of chocolate previously ran into important figures they are now negligible owing to the improved methods of manufacture abroad, coupled with the imposition of import duties in most other countries. The June returns of the Swiss National Bank indicate that gold is beginning to return to the country. The Paris exchange has lately stood well within the gold export point. Negotiations with Germany are beginning for the establishment of new arrangements for the protection of Swiss creditors of Germany. It is expected that a solution will be reached, as Switzerland is by far the largest customer of Germany.

### Spain

Exports for the first four months of this year totalled 210 million gold pesetas and imports 288 million gold pesetas, as compared with exports of 231 millions and imports of 240 millions for the same period in 1933. The prolonged strike of the Madrid metal workers has been settled by the concession of a 44-hour week without any corresponding reduction in wages. The Madrid building industry has already won a similar concession. The accounts for 1933 of the two principal Spanish railways show deficits totalling 37 million pesetas. Reductions in revenue as compared with 1932 total 21 million pesetas. Though money continues abundant, Stock Exchange activity, owing to labour unrest, is limited almost entirely to public funds.

### Morocco

#### *From the Bank of British West Africa Limited*

Business conditions have improved during the past month and good crops are being harvested. The quotas for duty-free

imports of Moroccan produce into France have been renewed on the same basis as last year. Barley is abundant, and wheat is maturing well. Fruit crops, including especially almonds and grapes, will be good, and vegetable crops are large. Efforts are being made to find markets in Great Britain for good quality fruit, early vegetables, barley, wheat and wines. The outlook for export trade to Morocco is becoming more encouraging in spite of the increasingly formidable competition from Japan. During the first four months of 1934 Japan deposed England from being the second largest exporter to Morocco. In 1933, French Morocco imported nearly 4,000 motor cars, mainly of American and French manufacture.

### The United States

The labour situation which early in June appeared very threatening, has since improved. Simultaneously, modifications have been made in a number of the industrial codes, with the result that the N.R.A. has partially relaxed its control over industry. Recent trade reports are not too discouraging. Retail sales are said to have increased, and wholesale business has been steady. Many motor car manufacturers have reduced their prices, particularly for the cheaper kinds of cars. A good demand for motor cars is reported from Africa. Car-loadings continue to run above last year's level, but a set-back occurred at the beginning of June. The steel industry has lately been overshadowed by the threat of a strike, but production was well maintained during May and early June at 58 per cent. of capacity. Deliveries also improved between April and May, possibly because of heavier purchases in anticipation of labour troubles. Agriculture has been almost entirely influenced by the drought, which has necessitated a change in Government policy from restriction and control to the provision of relief. \$525 millions have already been allotted for this purpose. Some idea of the damage is given by the official crop estimates for June 1st. The average condition of winter wheat fell during April and May from 74.3 to 55.3 per cent. of normal. The condition of spring wheat was returned on June 1st at only 41.8 per cent., that of rye at 43.5 per cent., that of oats at 47.2 per cent., and that of barley at 44.7 per cent. of normal. All these figures represent a serious deterioration since May 1st. Fortunately, the drought broke in the middle of June, and heavy

rain fell in many areas. Until the end of May the weather reports from the cotton crop were considered favourable, and prices were inclined to weaken. Exports for the current season (due to end on August 1st) amounted to 6,820,000 bales, against 7,256,000 bales in 1932-33.

### Japan

The following are the latest trade returns in millions of yen:—

|                     | May<br>1933 | April<br>1934 | May<br>1934 |
|---------------------|-------------|---------------|-------------|
| Exports ... ..      | 162.0       | 164.0         | 190.0       |
| Imports ... ..      | 179.0       | 208.0         | 218.0       |
| Imports surplus ... | <u>17.0</u> | <u>44.0</u>   | <u>28.0</u> |

The import surplus for the year to the end of May is Y.137,000,000, or a contraction of 35 per cent. on last year. Raw silk continues inactive with prices depressed. For a time the market was so disturbed that it had to be closed, but latterly conditions have become more settled owing to the adoption of co-operative selling in one of the Prefectures. There is a good demand for cotton yarn and piece-goods. Owing to favourable prices purchases of Indian cotton are increasing. Export trade in rayon is also improving, and production during May at 120,942 cases showed an increase of 6,102 cases on the figure for May last year. The latest figure establishes a new high record.

# Statistics

329

## Banking

### 1. BANK OF ENGLAND

| Date.       | Issue Department. |                       | Banking Department.     |           |                    |                   |                       |
|-------------|-------------------|-----------------------|-------------------------|-----------|--------------------|-------------------|-----------------------|
|             | Gold.             | Notes in circulation. | Reserve and Proportion. |           | Bankers' Deposits. | Govt. Securities. | Discounts & Advances. |
|             | £ mn.             | £ mn.                 | £ mn.                   | Per cent. | £ mn.              | £ mn.             | £ mn.                 |
| 1933.       |                   |                       |                         |           |                    |                   |                       |
| June 28 ... | 189.4             | 375.1                 | 75.5                    | 46.7      | 105.1              | 75.4              | 16.6                  |
| 1934.       |                   |                       |                         |           |                    |                   |                       |
| June 6 ...  | 191.3             | 378.9                 | 73.2                    | 48.7      | 98.0               | 77.8              | 6.1                   |
| June 13 ... | 191.4             | 378.6                 | 73.6                    | 47.7      | 97.0               | 81.4              | 5.7                   |
| June 20 ... | 191.5             | 377.4                 | 74.8                    | 47.6      | 99.6               | 81.1              | 5.9                   |
| June 27 ... | 191.5             | 381.7                 | 70.5                    | 46.8      | 96.3               | 81.0              | 6.1                   |

### 2. LONDON CLEARING BANKS

| Date.        | Deposits. | Acceptances. | Cash.* | Call Money. | Bills. | Investments. | Advances. |
|--------------|-----------|--------------|--------|-------------|--------|--------------|-----------|
|              | £ mn.     | £ mn.        | £ mn.  | £ mn.       | £ mn.  | £ mn.        | £ mn.     |
| 1933.        |           |              |        |             |        |              |           |
| May ...      | 1,944.0   | 96.5         | 249.3  | 97.7        | 346.1  | 530.4        | 774.8     |
| December ... | 1,941.3   | 116.3        | 263.6  | 119.5       | 311.3  | 564.6        | 735.6     |
| 1934.        |           |              |        |             |        |              |           |
| January ...  | 1,920.5   | 116.8        | 268.6  | 129.7       | 284.3  | 557.6        | 734.6     |
| February ... | 1,867.3   | 118.0        | 252.3  | 117.5       | 249.8  | 560.1        | 741.9     |
| March ...    | 1,830.6   | 112.8        | 262.4  | 120.4       | 202.1  | 547.1        | 753.0     |
| April ...    | 1,852.5   | 112.3        | 270.2  | 132.3       | 211.6  | 533.7        | 758.7     |
| May ...      | 1,858.2   | 110.0        | 262.8  | 130.8       | 222.5  | 541.5        | 754.8     |

\* Includes balances with other banks and cheques in course of collection.

### 3. LONDON CLEARING BANKS CURRENT, DEPOSIT AND OTHER ACCOUNTS

| Date.    | Current<br>Accounts. | Deposit<br>Accounts. | Current<br>Accounts as<br>Percentage of<br>Total. | Date.       | Current<br>Accounts. | Deposit<br>Accounts. | Current<br>Accounts as<br>Percentage of<br>Total. |
|----------|----------------------|----------------------|---|-------------|----------------------|----------------------|---|
| Average. | £ mn.                | £ mn.                | %   | 1933.       | £ mn.                | £ mn.                | %   |
| 1929     | 940                  | 798                  | 54.1  | May ...     | 962                  | 938                  | 50.6  |
| 1930     | 921                  | 820                  | 52.9  | June ...    | 1,006                | 942                  | 51.7  |
| 1931     | 895                  | 804                  | 52.7  | July ...    | 993                  | 933                  | 51.5  |
| 1932     | 867                  | 883                  | 49.5  | August ...  | 990                  | 928                  | 51.6  |
| 1933     | 978                  | 930                  | 51.3  | September   | 989                  | 924                  | 51.7  |
|          |                      |                      |   | October ... | 983                  | 916                  | 51.8  |
|          |                      |                      |   | November    | 980                  | 905                  | 52.0  |
|          |                      |                      |   | December    | 1,015                | 900                  | 53.0  |
|          |                      |                      |   | 1934.       |                      |                      |   |
|          |                      |                      |   | January ... | 974                  | 893                  | 52.2  |
|          |                      |                      |   | February... | 931                  | 881                  | 51.4  |
|          |                      |                      |   | March ...   | 910                  | 880                  | 50.8  |
|          |                      |                      |   | April ...   | 919                  | 890                  | 50.8  |
|          |                      |                      |   | May ...     | 925                  | 887                  | 51.1  |

# Money, Exchanges and Public Finance

## 1. LONDON AND NEW YORK MONEY RATES

| Date.       | LONDON.    |                               |                   | New York.         |                                     |             |
|-------------|------------|-------------------------------|-------------------|-------------------|-------------------------------------|-------------|
|             | Bank Rate. | 3 Months' discount Rate.      | Day-to-day Loans. | Re-discount Rate. | 90 Days' eligible Bank acceptances. | Call Money. |
| 1933.       | Per cent.  | Per cent.                     | Per cent.         | Per cent.         | Per cent.                           | Per cent.   |
| June 28 ... | 2          | $\frac{1}{2}$                 | $\frac{1}{2}$ -1  | 2 $\frac{1}{2}$   | $\frac{1}{2}$                       | 1           |
| 1934.       |            |                               |                   |                   |                                     |             |
| June 6 ...  | 2          | $\frac{1}{2}$ - $\frac{1}{2}$ | $\frac{1}{2}$ -1  | 1 $\frac{1}{2}$   | $\frac{1}{2}$                       | 1           |
| June 13 ... | 2          | $\frac{1}{2}$ - $\frac{1}{2}$ | $\frac{1}{2}$ -1  | 1 $\frac{1}{2}$   | $\frac{1}{2}$                       | 1           |
| June 20 ... | 2          | $\frac{1}{2}$ - $\frac{1}{2}$ | $\frac{1}{2}$ -1  | 1 $\frac{1}{2}$   | $\frac{1}{2}$                       | 1           |
| June 27 ... | 2          | $\frac{1}{2}$ - $\frac{1}{2}$ | $\frac{1}{2}$ -1  | 1 $\frac{1}{2}$   | $\frac{1}{2}$                       | 1           |

## 2. FOREIGN EXCHANGES

| London on          | Par.                      | 1933.               | 1934.              |                     |                     |                     |                     |
|--------------------|---------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
|                    |                           | June 28.            | May 30.            | June 6.             | June 13.            | June 20.            | June 27.            |
| New York ...       | \$4.866                   | 4.38                | 5.06 $\frac{1}{2}$ | 5.06 $\frac{1}{2}$  | 5.04 $\frac{1}{2}$  | 5.03 $\frac{1}{2}$  | 5.04 $\frac{1}{2}$  |
| Montreal ...       | \$4.866                   | 4.76                | 5.05               | 5.04 $\frac{1}{2}$  | 4.99 $\frac{1}{2}$  | 4.98 $\frac{1}{2}$  | 4.98 $\frac{1}{2}$  |
| Paris ...          | Fr. 124.21                | 86 $\frac{3}{4}$    | 77 $\frac{1}{2}$   | 76 $\frac{1}{2}$    | 76 $\frac{1}{2}$    | 76 $\frac{1}{2}$    | 76 $\frac{1}{2}$    |
| Berlin ...         | Mk. 20.43                 | 14.30 $\frac{1}{2}$ | 12.98              | 13.42 $\frac{1}{2}$ | 13.20               | 13.23 $\frac{1}{2}$ | 12.80 $\frac{1}{2}$ |
| Amsterdam ...      | Fl. 12.11                 | 8.45                | 7.49 $\frac{1}{2}$ | 7.46                | 7.42 $\frac{1}{2}$  | 7.43 $\frac{1}{2}$  | 7.42 $\frac{1}{2}$  |
| Brussels ...       | Bel. 35                   | 24.24               | 21.72              | 21.64               | 21.56 $\frac{1}{2}$ | 21.59               | 21.57 $\frac{1}{2}$ |
| Milan ...          | Li. 92.46                 | 64 $\frac{1}{2}$    | 59 $\frac{1}{2}$   | 58 $\frac{1}{2}$    | 58 $\frac{1}{2}$    | 58 $\frac{1}{2}$    | 58 $\frac{1}{2}$    |
| Berne ...          | Fr. 25.22 $\frac{1}{2}$   | 17.55               | 15.62              | 15.58               | 15.51               | 15.51               | 15.50 $\frac{1}{2}$ |
| Stockholm ...      | Kr. 18.16                 | 19.43               | 19.40              | 19.40               | 19.40               | 19.40               | 19.40               |
| Madrid ...         | Ptas. 25.22 $\frac{1}{2}$ | 40 $\frac{1}{2}$    | 37 $\frac{1}{2}$   | 36 $\frac{1}{2}$    | 36 $\frac{1}{2}$    | 36 $\frac{1}{2}$    | 36 $\frac{1}{2}$    |
| Vienna ...         | Sch. 34.58 $\frac{1}{2}$  | 31 $\frac{1}{2}$ *  | 27 $\frac{1}{2}$ * | 27*                 | 27*                 | 27*                 | 27*                 |
| Prague ...         | Kr. 191.62                | 114                 | 122                | 121 $\frac{1}{2}$   | 121 $\frac{1}{2}$   | 121 $\frac{1}{2}$   | 121 $\frac{1}{2}$   |
| Buenos Aires ...   | 47.62d.                   | 41 $\frac{1}{2}$ †  | 36 $\frac{1}{2}$ † | 36 $\frac{1}{2}$ †  | 36 $\frac{1}{2}$ †  | 36 $\frac{1}{2}$ †  | 36 $\frac{1}{2}$ †  |
| Rio de Janeiro ... | 5.89d.                    | 4 $\frac{1}{2}$ †   | 4 $\frac{1}{2}$ †  | 4 $\frac{1}{2}$ †   | 4 $\frac{1}{2}$ †   | 4 $\frac{1}{2}$ †   | 4 $\frac{1}{2}$ †   |
| Valparaiso ...     | Pes. 40                   | 55.50†              | 49.70†             | 49.35†              | 49.60†              | 49.60†              | 49.45†              |
| Bombay ...         | 18d.                      | 18 $\frac{1}{2}$    | 18 $\frac{1}{2}$   | 18 $\frac{1}{2}$    | 18 $\frac{1}{2}$    | 18 $\frac{1}{2}$    | 18 $\frac{1}{2}$    |
| Hong Kong ...      | —d.                       | 16 $\frac{1}{2}$    | 17 $\frac{1}{2}$   | 17 $\frac{1}{2}$    | 17 $\frac{1}{2}$    | 17 $\frac{1}{2}$    | 17 $\frac{1}{2}$    |
| Kobe ...           | 24.57d.                   | 1/3 $\frac{1}{2}$   | 1/2 $\frac{1}{2}$  | 1/2 $\frac{1}{2}$   | 1/2 $\frac{1}{2}$   | 1/2 $\frac{1}{2}$   | 1/2 $\frac{1}{2}$   |
| Shanghai ...       | —d.                       | 15 $\frac{1}{2}$    | 15 $\frac{1}{2}$   | 15 $\frac{1}{2}$    | 15 $\frac{1}{2}$    | 15 $\frac{1}{2}$    | 16 $\frac{1}{2}$    |

\* Nominal.

† Official rate.

## 3. PUBLIC REVENUE AND EXPENDITURE

| Revenue.               | To June 30, 1934. | To June 30, 1933. | Expenditure.                   | To June 30, 1934. | To June 30, 1933. |
|------------------------|-------------------|-------------------|--------------------------------|-------------------|-------------------|
|                        | £ mn.             | £ mn.             |                                | £ mn.             | £ mn.             |
| Income Tax ...         | 14.7              | 16.4              | Nat. Debt Service ...          | 75.4              | 73.3              |
| Surtax ...             | 5.5               | 6.0               | Northern Ireland Payments...   | 1.3               | 1.2               |
| Estate Duties ...      | 22.6              | 17.0              | Other Cons. Fund Services...   | 0.8               | 1.1               |
| Stamps ...             | 3.9               | 3.1               | Supply Services ...            | 100.4             | 99.9              |
| Customs ...            | 46.3              | 43.2              | Ordinary Expenditure ...       | 177.9             | 175.4             |
| Excise ...             | 24.4              | 26.0              | Sinking Fund ...               | 0.9               | 0.9               |
| Tax Revenue ...        | 118.5             | 112.7             | Self-Balancing Expenditure ... | 17.0              | 17.2              |
| Non-Tax Revenue ...    | 9.6               | 16.9              | Payments to U.S. Government    | —                 | —                 |
| Ordinary Revenue       | 128.1             | 129.6             |                                |                   |                   |
| Self-Balancing Revenue | 17.0              | 17.2              |                                |                   |                   |

## 1. PRODUCTION

| Date.           | Coal.*   | Pig-Iron.  | Steel.     |
|-----------------|----------|------------|------------|
| 1933.           | Tons mn. | Tons thou. | Tons thou. |
| May ... ..      | 3.9      | 340        | 600        |
| December... ..  | 4.5      | 409        | 669        |
| 1934.           |          |            |            |
| January ... ..  | 4.7      | 441        | 711        |
| February ... .. | 4.1      | 414        | 707        |
| March ... ..    | 4.6      | 504        | 834        |
| April ... ..    | 4.4      | 496        | 717        |
| May ... ..      | 4.0      | 528        | 780        |

\* Average weekly figures for month.

## 2. IMPORTS

| Date.           | Food. | Raw Materials. | Manufactured Goods. | Total. |
|-----------------|-------|----------------|---------------------|--------|
| 1933.           | £ mn. | £ mn.          | £ mn.               | £ mn.  |
| May ... ..      | 30.0  | 14.5           | 12.6                | 57.3   |
| December ... .. | 30.3  | 18.9           | 13.6                | 63.2   |
| 1934.           |       |                |                     |        |
| January ... ..  | 29.1  | 21.3           | 13.9                | 64.7   |
| February ... .. | 25.6  | 18.2           | 13.2                | 57.4   |
| March ... ..    | 28.7  | 18.2           | 14.8                | 62.0   |
| April ... ..    | 25.5  | 17.1           | 13.5                | 56.3   |
| May ... ..      | 30.0  | 16.9           | 14.9                | 61.7   |

## 3. EXPORTS

| Date.           | Food. | Raw Materials. | Manufactured Goods. | Total. |
|-----------------|-------|----------------|---------------------|--------|
| 1933.           | £ mn. | £ mn.          | £ mn.               | £ mn.  |
| May ... ..      | 2.2   | 4.2            | 23.6                | 30.8   |
| December ... .. | 2.4   | 3.6            | 22.6                | 30.4   |
| 1934.           |       |                |                     |        |
| January ... ..  | 2.6   | 3.9            | 24.2                | 31.6   |
| February ... .. | 2.6   | 4.0            | 22.7                | 30.1   |
| March ... ..    | 2.3   | 4.1            | 25.6                | 33.1   |
| April ... ..    | 2.3   | 3.8            | 23.2                | 30.1   |
| May ... ..      | 2.4   | 4.3            | 25.1                | 32.8   |

## 4. UNEMPLOYMENT

| Date.            | 1928.     | 1929.     | 1930.     | 1931.     | 1932.     | 1933.     | 1934.     |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| End of—          | Per cent. | Per cent. | Per cent. | Per cent. | Per cent. | Per cent. | Per cent. |
| January ... ..   | 10.7      | 12.2      | 12.6      | 21.5      | 22.4      | 23.1      | 18.7      |
| February ... ..  | 10.4      | 12.2      | 13.1      | 21.7      | 22.0      | 22.8      | 18.2      |
| March ... ..     | 9.5       | 10.1      | 14.0      | 21.5      | 20.8      | 22.0      | 17.3      |
| April ... ..     | 9.5       | 9.9       | 14.6      | 20.9      | 21.4      | 21.4      | 16.7      |
| May ... ..       | 9.8       | 9.9       | 15.3      | 20.8      | 22.1      | 20.5      | 16.3      |
| June ... ..      | 10.7      | 9.8       | 15.4      | 21.8      | 22.3      | 19.5      |           |
| July ... ..      | 11.6      | 9.9       | 16.7      | 22.6      | 22.9      | 19.6      |           |
| August ... ..    | 11.6      | 10.1      | 17.1      | 22.7      | 23.1      | 19.2      |           |
| September ... .. | 11.4      | 10.0      | 17.6      | 23.2      | 22.9      | 18.4      |           |
| October ... ..   | 11.8      | 10.4      | 18.7      | 21.9      | 21.9      | 18.1      |           |
| November ... ..  | 12.1      | 11.0      | 19.1      | 21.4      | 22.2      | 17.9      |           |
| December ... ..  | 11.2      | 11.1      | 20.2      | 20.9      | 21.7      | 17.6      |           |

Percentage of Insured Workers.

## 332 Prices

### 1. WHOLESALE PRICES (average for month)

| Date.                | Index Number (Sept. 16th, 1931=100). |        |         |        |          |
|----------------------|--------------------------------------|--------|---------|--------|----------|
|                      | U.K.                                 | U.S.A. | France. | Italy. | Germany. |
| 1933.                |                                      |        |         |        |          |
| May ... ..           | 102.1                                | 87.4   | 86.5    | 86.2   | 84.4     |
| December ... ..      | 105.4                                | 104.0  | 87.4    | 84.5   | 88.4     |
| 1934.                |                                      |        |         |        |          |
| January ... ..       | 107.7                                | 104.8  | 87.6    | 84.7   | 88.5     |
| February ... ..      | 109.5                                | 106.9  | 86.8    | 84.3   | 88.4     |
| March ... ..         | 107.7                                | 107.7  | 85.9    | 84.1   | 88.1     |
| April ... ..         | 106.7                                | 106.3  | 85.8    | 84.1   | 88.0     |
| May ... ..           | 106.4                                | 109.0  | 85.1    | 83.8   | 88.2     |
| June 1st week ... .. | 106.5                                | 109.9  | 84.1    | 83.6   | 88.7     |
| June 2nd week ... .. | 106.9                                | 110.1  | 84.1    | 83.8   | 88.9     |
| June 3rd week ... .. | 106.7                                | 112.2  | 83.2    | 83.8   | 89.2     |
| June 4th week ... .. | 106.6                                | 113.1  | 82.7    | 83.9   | 89.6     |
| June 5th week ... .. | 106.6                                | 113.1  | 82.0    | 83.9   | 89.7     |

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Generale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

### 2. RETAIL PRICES (end of month)

| Date.           | Food. | Rent<br>(including<br>rates). | Clothing. | Fuel<br>and<br>Light. | Other<br>items<br>included. | All<br>items<br>included. |
|-----------------|-------|-------------------------------|-----------|-----------------------|-----------------------------|---------------------------|
| 1928.—May ...   | 56    | 51                            | 120       | 65-70                 | 80                          | 65                        |
| 1930.—May ...   | 38    | 53                            | 110-115   | 70                    | 80                          | 54                        |
| 1932.—May ...   | 23    | 54                            | 90        | 70-75                 | 75                          | 42                        |
| 1933.           |       |                               |           |                       |                             |                           |
| May ... ..      | 14    | 56                            | 85        | 65-70                 | 70-75                       | 36                        |
| December ... .. | 24    | 56                            | 85        | 70-75                 | 70-75                       | 42                        |
| 1934.           |       |                               |           |                       |                             |                           |
| January ... ..  | 22    | 56                            | 85        | 70-75                 | 70-75                       | 41                        |
| February ... .. | 20    | 56                            | 85        | 70-75                 | 70-75                       | 40                        |
| March ... ..    | 18    | 56                            | 85        | 70-75                 | 70-75                       | 39                        |
| April ... ..    | 16    | 56                            | 85        | 70                    | 70-75                       | 37                        |
| May ... ..      | 17    | 56                            | 85-90     | 65-70                 | 70-75                       | 38                        |

The figures represent the percentage increase above July, 1914, which is equal to 100.

### 3. COMMODITY PRICES (average for month)

| Date.           | Wheat,<br>No. 1<br>N.<br>Manitoba. | Cotton,<br>American<br>Middling. | Wool,<br>64's<br>tops avge. | Pig-Iron,<br>Cleveland<br>No. 3. | Tin,<br>Standard<br>Cash. | Rubber,<br>Plantation<br>Sheet. |
|-----------------|------------------------------------|----------------------------------|-----------------------------|----------------------------------|---------------------------|---------------------------------|
|                 | per qr.<br>s. d.                   | per lb.<br>d.                    | per lb.<br>d.               | per ton.<br>s. d.                | per ton.<br>£             | per lb.<br>d.                   |
| 1933.           |                                    |                                  |                             |                                  |                           |                                 |
| May ... ..      | 29 4                               | 5.98                             | 24½                         | 62 6                             | 186½                      | 2½                              |
| December ... .. | 26 7½                              | 5.26                             | 37                          | 62 6                             | 227½                      | 4½                              |
| 1934.           |                                    |                                  |                             |                                  |                           |                                 |
| January ... ..  | 28 1                               | 5.87                             | 40½                         | 62 6                             | 226½                      | 4½                              |
| February ... .. | 28 6                               | 6.58                             | 38                          | 65 0                             | 226½                      | 4½                              |
| March ... ..    | 28 6½                              | 6.55                             | 37½                         | 67 6                             | 223½                      | 5½                              |
| April ... ..    | 27 9                               | 6.27                             | 36½                         | 67 6                             | 239½                      | 5½                              |
| May ... ..      | 27 8                               | 6.12                             | 34½                         | 67 6                             | 239½                      | 6½                              |

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